



AB Volvo

## Press Information

# Volvo takes over Prévost and Nova Bus

**As part of the restructuring of the bus manufacturer Henlys Group plc, Volvo Group has reached an agreement to acquire the remaining 50% of the North American bus manufacturer Prévost Car Inc., containing the Prévost and Nova brands. The purchase price is USD 83 M including two loans made available to Prévost Car Inc. by Henlys. According to the agreement Prévost Car Inc. will become a wholly owned subsidiary of Volvo Bus Corporation. The agreement also involves Volvo converting part of the convertible debenture loan of USD 240 M issued to Henlys into shares in a newly established US based company containing the US school bus manufacturer, Blue Bird. The conversion will result in a write-down requirement of approximately USD 170 M.**

For some time Volvo has participated in discussions with Henlys and a bank consortium about various possibilities to restructure the Henlys Group, which has faced very significant financial difficulties. The aim has been to secure the highest value possible for the various creditors. In 1999, Volvo issued a convertible debenture loan to Henlys totaling USD 240 M. Combined with accrued interest of USD 15 M, the claim that Volvo had against Henlys totalled approximately USD 255 M. Volvo's assessment is that the restructuring protects the interests of Volvo and its shareholders' in the best possible manner. In accordance with the agreement reached between Volvo and Henlys' creditors, Volvo has not committed to contribute any additional financial resources to the restructured company.

The purchase price for Prévost Car Inc., and the two loans made available by Henlys to the company of approximately USD 40 M, is in total USD 83 M. Prévost Car Inc., a former 50/50 joint venture between Volvo and Henlys, has a good profitability record and the take-over is strategically attractive since there are future possibilities for additional synergies with Volvo's other bus operation. Prévost manufactures coaches and bus shells for luxury mobile homes. Nova Bus manufactures city buses mainly for the Canadian market.

In addition to its 50 % holding in Prévost Car Inc., Henlys also owned the American school bus manufacturer Blue Bird, which has been acquired by the newly formed US based company. Blue Bird is the market leader in the American school bus market but has reported losses for the last two years.

Under the terms of the restructuring agreement Volvo, the bank consortium and a UK pension fund, have each converted parts of their claims against Henlys to common and preferred shares in the new company. After conversion, Volvo and the bank consortium each received 42.5% of the common shares and the pension fund 5 %. The management of Blue Bird received the remaining 10%. The conversion results in a write-down requirement of approximately USD 170 M for AB Volvo. Following the restructuring the intention is to liquidate Henlys.

Prévost Car Inc. with its two brands Prévost and Nova will become part of the business area Volvo Bus Corporation. In order to enhance the value of Blue Bird, the Volvo Group will have representation on the board of Blue Bird and its new holding company and the ability to assist in the future development of the company.

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The Volvo Group is one of the world's leading manufacturers of trucks, buses and construction equipment, drive systems for marine and industrial applications, aerospace components and services. The Group also provides complete solutions for financing and service. The Volvo Group, which employs about 78,000 people, has production facilities in 25 countries and sells their products in more than 185 markets. Annual sales of the Volvo Group amount to 18 billion euro. The Volvo Group is a publicly-held company headquartered in Göteborg, Sweden. Volvo shares are listed on the stock exchanges in Stockholm, London and on NASDAQ in the US.